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AVIATION FINANCE

Distribution of Airport Grant Funds Complied with Statutory Requirements



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Abstract <p>From fiscal year 1996 through 2000, the amount of AIP grant funds to small airports was greater than funds to large airports.² The amount of AIP funds awarded to small airports increased from \$769 million in fiscal year 1996 to a high of \$1.2 billion in fiscal year 1999. The amount of AIP funding awarded to large airports also increased from \$596 million in fiscal year 1996 to a high of \$739 million in fiscal year 1999. In fiscal year 2000, the amount of AIP funding provided to both small and large airports decreased to \$1.1 billion and \$720 million, respectively, because the total amount of AIP funding available for obligation was less than that in fiscal year 1999.</p>		
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United States General Accounting Office
Washington, D.C. 20548

April 30, 2002

The Honorable Don Young
Chairman
The Honorable James L. Oberstar
Ranking Democratic Member
Committee on Transportation
and Infrastructure
House of Representatives

The Federal Aviation Administration (FAA) administers the Airport Improvement Program (AIP), which provides billions of dollars in federal grants to airports for airport planning and development projects. FAA is required by law to distribute a significant portion of AIP funds according to statutory formulas and set-asides established by Congress. You asked that we provide information on how FAA distributed AIP grants for fiscal years 1996 through 2000. As agreed with your staff, we are addressing the following questions:

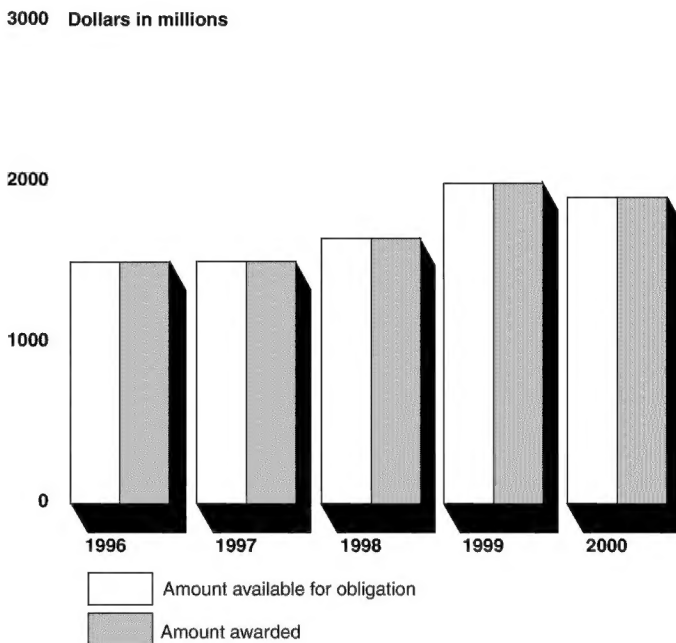
- How did the total amount of AIP grants awarded compare with the total amount available for obligation?¹
- Were AIP grant funds made available or awarded in accordance with the statutory formulas and set-asides established by Congress?
- What was the distribution of AIP grants by airport type?

Results in Brief

The total amount of AIP funds awarded by FAA was consistent with the total amount of AIP funds available for obligation for fiscal years 1996 through 2000, as shown in figure 1.

¹These terms and others used in this report are defined in a glossary at the end of this report.

Figure 1: Total Amount of AIP Grant Funds Available for Obligation and Awarded



Source: GAO analysis of FAA AIP data.

FAA made available or awarded AIP grant funds in accordance with the statutory formulas and set-asides contained in the authorization acts for the five fiscal years we reviewed. In addition, in some cases, FAA awarded more funding than required to some types of airports and projects when it distributed the remaining AIP discretionary funds, which are not subject to statutory formulas or set-asides. For example, the amount of AIP grant funds to small airports was consistently greater than Congress required for fiscal years 1996 through 2000. Specifically, during this period, Congress required FAA to award \$623 million from the small airport fund to small airports. FAA actually awarded \$2 billion in discretionary funds, more than 3 times the \$623 million reserved for small airports in the small airport fund.

From fiscal year 1996 through 2000, the amount of AIP grant funds to small airports was greater than funds to large airports.² The amount of AIP funds awarded to small airports increased from \$769 million in fiscal year 1996 to a high of \$1.2 billion in fiscal year 1999. The amount of AIP funding awarded to large airports also increased from \$596 million in fiscal year 1996 to a high of \$739 million in fiscal year 1999. In fiscal year 2000, the amount of AIP funding provided to both small and large airports decreased to \$1.1 billion and \$720 million, respectively, because the total amount of AIP funding available for obligation was less than that in fiscal year 1999.

Background

The AIP grant program is authorized under Title 49 U.S.C 48103 and has provided grants for airport planning and development projects since the passage of the Airport and Airway Improvement Act in 1982. In administering the AIP grant program, FAA has to comply with various statutory formulas and set-asides in authorization acts that specify how AIP grant funds are to be distributed among airports. For example, some AIP funds are apportioned to each primary airport based on the number of passenger enplanements at the airport per year, while cargo airports are apportioned 3 percent of the AIP funds, and states are apportioned 18.5 percent of AIP funds.³

²For this analysis, we used FAA's definition of large and small airports, whereby the category of large airports includes large and medium hub airports or airports that have at least .25 percent of all passenger boardings, and all other airports are considered small. Also included in the small airport category for funding purposes are state block grants, which go to states to be distributed among certain small airports in each state.

³Recipients of apportionment funds include (1) primary airports, or airports that have 10,000 or more annual enplanements from scheduled commercial service; (2) cargo airports, or airports that are served by aircraft providing air transportation of cargo above a certain weight threshold; (3) the Alaska supplement, whereby funds are apportioned for certain Alaskan airports to ensure that they are apportioned a minimum amount of funding; and (4) all 50 states, the District of Columbia, Puerto Rico, and the insular areas. For more detail on these and other funding categories, see the glossary at the end of this report.

Each year FAA uses the statutory formulas to determine how much in apportionment funds are to be made available to each airport or state. Once these amounts have been determined, FAA issues a memorandum informing each airport or state of the amount of funding available for that year. However, these funds do not automatically go to the airport sponsor. In order to receive the funds it is entitled to, an airport or state has to submit a valid grant request to FAA. In addition, under the act, individual airports and states do not have to use these funds in the year they are made available. The act gives most airports and states up to 3 years and nonhub airports⁴ up to 4 years to use their apportionment funds.

Once the apportionment funds are determined, the remaining amount of AIP funds is deposited in the discretionary fund.⁵ The discretionary fund consists of set-asides and other distributions. Set-asides, which are established by statute, specify the minimum amount of funding FAA is to award to airports each year for certain types of projects. For example, in fiscal year 2000, noise mitigation and reduction projects were to receive at least 34 percent of the discretionary fund, and the military airport program was to receive 4 percent. Once the set-aside money has been distributed, statutory formulas require that 75 percent of the remaining discretionary fund is to be used for preserving and enhancing capacity, safety, and security, and for carrying out noise planning and mitigation projects at primary and reliever airports.⁶ The remaining 25 percent of the discretionary fund is considered purely discretionary and is available for distribution at the discretion of FAA for any eligible project at any eligible airport. In fiscal years 1996 and 1998, Congress also specified the maximum amount of AIP grant funds that were to be awarded to the military airport program, reliever airports, and noise planning and mitigation projects.

⁴Nonhub airports are the smallest primary airports, with over 10,000 annual enplanements but less than .05 percent of all annual enplanements.

⁵Discretionary funding categories include (1) noise mitigation and reduction projects to reduce airport-related noise or mitigate its effects; (2) the military airport program, whereby funds are provided for certain types of projects at current or former military airports; and (3) projects to preserve or enhance capacity, safety, security of airports, or to carry out noise compatibility planning and programs at certain airports.

⁶Reliever airports are general aviation airports that have been designated by FAA to relieve congestion at a commercial service airport.

In addition to apportionment and discretionary funds, there is the small airport fund.⁷ This nondiscretionary fund was established by Congress in 1990 and includes funds that are returned by large and medium airports that collect Passenger Facility Charges (PFC).⁸ Airports charging a PFC of \$3.00 or less must return up to one-half of their AIP apportionment funds, and airports charging a PFC of over \$3.00 must return up to 75 percent of their AIP apportionment funds. The AIP apportionment funds that are returned as a result of PFC collections are divided between the small airport fund, which is to receive 87.5 percent, and the discretionary fund, which is to receive the remaining 12.5 percent.

Each year, Congress placed an obligation limitation on the amount of AIP grant funds that could be obligated. Since at least 1970, FAA has added funds recovered from prior year projects to the statutory obligation limitation to determine the total funds that could be awarded during the year, either as new grants or as grant increases to existing projects. The Office of Management and Budget (OMB) placed an annual ceiling on the amount of recoveries that FAA could use. FAA was required to get approval from OMB to use recoveries in excess of the established ceiling.

Total Amount of AIP Grants Awarded Equaled Total Amount Available for Obligation

As shown in table 1, the total amount of AIP funds awarded was consistent with the total amount of AIP funds available for obligation for fiscal years 1996 through 2000.

⁷Funding categories for the small airport fund include (1) nonhub/other commercial service airports, which include nonhub airports and other commercial service airports with between 2,500 and 10,000 annual passenger enplanements; (2) general aviation (noncommercial) and reliever airports, which are general aviation airports designated by FAA to relieve congestion at a commercial service airport; (3) small hub airports, or primary airports that have from .05 percent to .25 percent of annual passenger enplanements; and (4) the state block grant program, which provides funds to selected states for distribution among nonprimary airports.

⁸Under the PFC program, commercial service airports may charge boarding passengers up to a \$4.50 fee and retain the money for airport infrastructure projects.

Table 1: Summary of Available and Awarded AIP Funds for Fiscal Years 1996–2000, as of September 30 of Each Fiscal Year

Dollars in millions

Fiscal years	Statutory obligation limitation	Recoveries	Total amount available for obligation	Amount obligated for new grants	Amount obligated for grant increases	Total amount of AIP grant funds awarded
1996	\$1,450	\$56	\$1,506	\$1,380	\$126	\$1,506
1997	1,460	48	1,508	1,476	32	1,508
1998	1,617	37	1,654	1,504	150	1,654
1999	1,950	46	1,996	1,959	37	1,996
2000	1,845	63	1,908	1,872	36	1,908

Source: Compiled by GAO from FAA data.

Table 1 also illustrates how FAA determined the amount of AIP funding available for obligation and how it distributed the funds. Each year, FAA added the statutory obligation limitation, which was the amount authorized by Congress for AIP, and the recoveries it retrieved from prior years' projects to determine the total amount available for obligation. Once this amount was determined, FAA distributed the money in two ways. FAA awarded new grants for eligible projects at qualified airports, which received the majority of each year's AIP funding. Secondly, FAA awarded some AIP funds for grant increases to existing projects or new projects. For example, in fiscal year 2000, Congress authorized \$1.85 billion for AIP. In addition, in that same year, FAA recovered \$63 million from prior year grants, bringing the total amount available for obligation to \$1.91 billion. Of this amount, FAA obligated \$1.87 billion for new grants and the remaining \$36 million for grant increases, bringing the total AIP grant funds awarded to \$1.91 billion.

While FAA has no specific statutory authority governing the use of recoveries, its rationale for using recovered funds to increase the obligation limitation is set forth in a July 1984 legal memorandum. It states that since at least 1970, FAA has informed Congress in its annual reports and in a testimony that it is FAA's practice to add prior year recoveries to the current year obligation limitation to determine the total funds available for obligation. It is FAA's position that since Congress has long been aware of its practice regarding recoveries and has taken no action to require a change in FAA's administrative action, Congress has accepted FAA's interpretation. In addition, according to an OMB official, FAA is conforming with OMB's governmentwide policy regarding recoveries by

showing its AIP recoveries on OMB's Standard Form 133 (Report on Budget Execution), which allows recoveries of prior year obligations to be included in the total amount available for obligation in the current year.

AIP Grant Funds Were Awarded According to Statutory Requirements

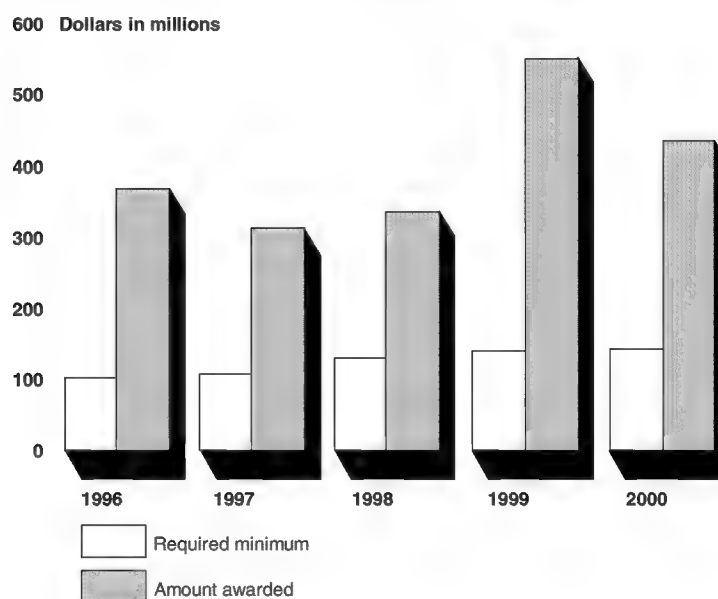
FAA distributed AIP grant funds in accordance with the formulas and set-asides established by Congress. FAA complied with the statutory requirements for distributing apportionment funds, it made available \$728 million in fiscal year 1996, \$904 million in fiscal year 1997, \$989 million in fiscal year 1998, \$1 billion in fiscal year 1999, and over \$1 billion in fiscal year 2000.

FAA also complied with statutory formulas governing set-aside funds by awarding the required minimum amount of discretionary grant funds to categories with set-aside requirements for each of the fiscal years reviewed. For fiscal years 1996 and 1998, when Congress imposed maximum funding limits on certain categories, FAA met these maximum limitations and then used its remaining discretionary funds to award additional AIP funding to these categories. Specifically, the 1996 Appropriations Act imposed a \$26 million limit on the obligation of funds for the military airport program and a \$48 million limit on funds for the reliever airport program. In fiscal year 1996, the total amount of discretionary funds awarded by FAA to the military airport program exceeded the limitation by \$3 million, and the total amount of discretionary funds awarded by FAA to reliever airports exceeded the limitation by \$40 million. Both the military airport program and reliever airports were eligible to receive additional AIP funding because FAA has the authority to award remaining discretionary funds as it deems appropriate. Similarly, the 1998 Appropriations Act imposed a \$200 million maximum limit on discretionary grant funds for noise planning and mitigation and a \$26 million discretionary limit for the military airport program. In fiscal year 1998, FAA awarded a total of \$212 million for noise projects and \$28 million for the military airport program. FAA officials explained that the additional \$12 million awarded for noise projects was attributable to apportioned funds and that the additional \$2 million awarded to the military airport program were from the remaining discretionary funds that the airports were eligible to receive.

FAA not only complied with the statutory set-asides by awarding the required minimum amount of nondiscretionary grant funds from the small airport fund to small airports, but it also provided additional funding using

its remaining discretionary funds for each of the five fiscal years, as shown in figure 2.

Figure 2: Amount of Required Funding from the Small Airport Fund to Small Airports and Awarded by FAA, Fiscal Years 1996-2000



Source: GAO analysis of FAA's AIP data.

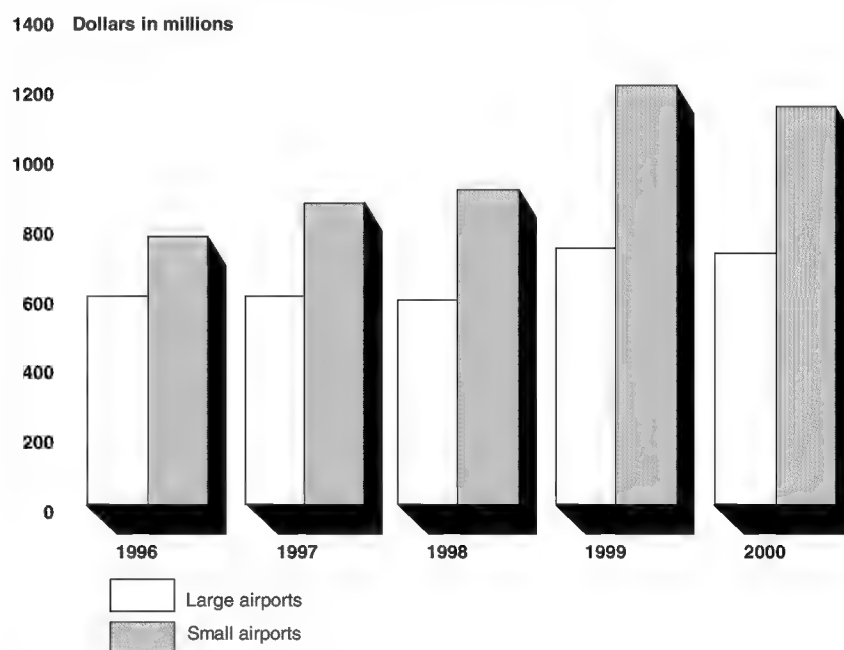
Appendix I provides additional detailed information on (1) how the AIP funds awarded compared with the statutory formula amounts; and (2) the distribution of apportionment, discretionary, and nondiscretionary AIP grant funds by funding category for fiscal years 1996 through 2000.

AIP Funding to Small Airports Increased More Than Funding to Large Airports

As shown in figure 3, the amount of AIP funding awarded to small airports increased from \$769 million in fiscal year 1996 to \$1.2 billion in fiscal year 1999, an increase of 56 percent. Total grant funds awarded to small airports include nondiscretionary grant funds distributed through the small airport fund as well as grants that went to small airports through other categories under the apportionment and discretionary grant funds. Large airports experienced a smaller increase in AIP funding during the same period. AIP funding provided to large airports increased from \$596 million in fiscal year

1996 to \$739 million in fiscal year 1999, an increase of 24 percent. Both types of airports experienced a decrease in AIP funding in fiscal year 2000 because the total amount of AIP funds available for distribution was lower than in fiscal year 1999.

Figure 3: AIP Grants Awarded by FAA to Large and Small Airports, Fiscal Years 1996 through 2000, as of September 30, of Each Fiscal Year



Source: Compiled by GAO from FAA data.

See appendix II for additional information on AIP funding to large and small airports and appendix III for the specific categories of airports in the United States.

Scope and Methodology

To address our three research questions, we obtained from FAA, for fiscal years 1996 through 2000, data showing the amount of total funds available for obligation, calculation of the statutory formulas, and the actual amount of AIP grants awarded by grant type, as well as airport and project type. We subsequently compared (1) the amount available for obligation with the amount of new AIP grant funds obligated or awarded and (2) the statutory

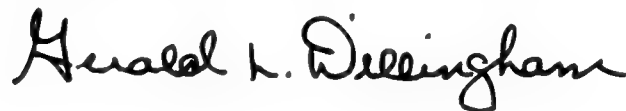
formula amounts with the actual grant funds obligated or awarded. We also interviewed FAA officials to obtain information on how the AIP grant program is administered and reviewed the various statutes governing the AIP grant program. Finally, while we verified the information obtained from FAA for accuracy, we did not independently review the validity of FAA's AIP database or its Departmental Accounting and Financial Information System.

Agency Comments

We provided the Department of Transportation with a copy of the draft report for its review and comment. FAA officials agreed with the information contained in this report and provided a few clarifying comments, which we have incorporated in the report.

We performed our work from August 2001 through March 2002 in accordance with generally accepted government auditing standards.

We are sending copies of this report to the chairman and ranking democratic minority member, House Subcommittee on Aviation, Committee on Transportation and Infrastructure. This report is also available on GAO's home page at <http://www.gao.gov>. Please contact me or Tammy Conquest at (202) 512-2834 if you have any questions. In addition, Alan Belkin, David Hooper, John Thomson, Jr., and Alwynne Wilbur made key contributions to this report.



Gerald L. Dillingham, Ph. D.
Director, Physical Infrastructure Issues

Comparison of Statutory Formulas with AIP Grant Funds

For tables 3 through 7, the grant amount column indicates the amount FAA made available or awarded to each of these categories. However, the grant amount column cannot be added to form a grand total primarily because some grant funds may be counted in more than one formula category. For example, a grant awarded to a capacity project at a small hub airport would be included in the capacity category under the discretionary fund and in the small hub airport category under the small airport fund. In addition, the grant amount column for the apportionment funds shows funds made available to airports but not necessarily awarded that year, while the grant amount column for the discretionary and nondiscretionary funds shows the amount of grant funds actually awarded in that category that year.

Table 2: Comparison of Formula Amounts with AIP Grant Amount as of September 30, 1996, for Fiscal Year 1996

In thousands of dollars		
Funding category	Formula amount	Grant amount
Apportionments	\$728,049	\$728,049
Primary airports	428,227	428,227
Cargo	38,945	38,945
Alaska supplement	10,673	10,673
States	159,148	159,148
Carryover apportionments	91,057	91,057
Discretionary	\$620,124	N/A
Noise	181,250	\$187,166
Military airport program	26,000	29,404
Capacity, safety, security, and noise	249,187	275,453
Reliever ^a	48,000	88,387
Commercial ^a	21,750	25,669
System planning ^a	10,875	13,445
Remaining discretionary	83,062	83,062
Nondiscretionary (small airport fund)	\$101,826	\$368,668
Nonhub/other commercial service	58,186	\$156,224
General aviation/reliever airports	29,093	111,046
Small hub airports	14,547	101,399
Grand total	\$1,450,000	N/A

Legend: N/A = not applicable

^aThese categories only had formula amounts in fiscal year 1996.

Source: Compiled by GAO from FAA data.

Appendix I
Comparison of Statutory Formulas with AIP
Grant Funds

Table 3: Comparison of Formula Amounts with AIP Grant Amount as of September 30, 1997, for Fiscal Year 1997

In thousands of dollars		
Funding category	Formula amount	Grant amount
Apportionments	\$904,575	\$904,575
Primary airports	525,436	525,436
Cargo	36,500	36,500
Alaska supplement	10,673	10,673
States	270,100	270,100
Carryover apportionments	61,867	61,867
Discretionary	\$447,634	N/A
Noise	143,540	\$173,683
Military airport program	18,521	18,521
Capacity, safety, security, and noise	214,179	217,230
Remaining Discretionary	71,393	71,393
Nondiscretionary (small airport fund)	\$107,791	\$312,615
Nonhub/other commercial service	61,595	\$145,252
General aviation/reliever airports	30,797	56,463
Small hub airports	15,399	110,901
Grand total	\$1,460,000	N/A

Legend: N/A = not applicable

Source: Compiled by GAO from FAA data.

Appendix I
Comparison of Statutory Formulas with AIP
Grant Funds

Table 4: Comparison of Formula Amounts with AIP Grant Amount as of September 30, 1998, for Fiscal Year 1998

In thousands of dollars		
Funding category	Formula amount	Grant amount
Apportionments	\$989,114	\$989,114
Primary airports	516,217	516,217
Cargo	42,500	42,500
Alaska supplement	10,673	10,673
States	314,500	314,500
Carryover apportionments	105,224	105,224
Discretionary	\$581,093	N/A
Noise	200,000	211,913
Military airport program	26,000	27,879
Capacity, safety, security, and noise	243,879	267,717
General aviation, reliever, commercial ^a	29,921	182,324
Remaining Discretionary	81,293	81,293
Nondiscretionary (small airport fund)	\$129,793	\$337,342
Nonhub/other commercial service	74,167	\$155,019
General aviation/reliever airports	37,084	89,088
Small hub airports	18,542	93,235
Grand total	\$1,700,000	N/A

Legend: N/A = not applicable

^aThis category only had a formula amount for fiscal year 1998.

Source: Compiled by GAO from FAA data.

Appendix I
Comparison of Statutory Formulas with AIP
Grant Funds

Table 5: Comparison of Formula Amounts with AIP Grant Amount as of September 30, 1999, for Fiscal Year 1999

In thousands of dollars		
Funding category	Formula amount	Grant amount
Apportionments	\$1,034,883	\$1,034,883
Primary airports	519,892	519,892
Cargo	48,750	48,750
Alaska supplement	10,673	10,673
States	360,750	360,750
Carryover apportionments	94,818	94,818
Discretionary	\$773,765	N/A
Noise	239,867	\$241,199
Military airport program	30,951	34,596
Capacity, safety, security, and noise	377,211	399,266
Remaining discretionary	125,737	125,737
Nondiscretionary (small airport fund)	\$141,352	\$551,765
Nonhub/other commercial service	80,773	\$245,097
General aviation/reliever airports	40,386	132,328
Small hub airports	20,193	174,340
Grand total	\$1,950,000	N/A

Legend: N/A = not applicable

Source: Compiled by GAO from FAA data.

Appendix I
Comparison of Statutory Formulas with AIP
Grant Funds

Table 6: Comparison of Formula Amount with AIP Grant Amount as of September 30, 2000, for Fiscal Year 2000

In thousands of dollars		
Funding category	Formula amount	Grant amount
Apportionments	\$1,100,435	\$1,100,435
Primary airports	556,349	556,349
Cargo	55,519	55,519
Alaska supplement	10,673	10,673
States	342,368	342,368
Carryover apportionments	135,526	135,526
Discretionary	\$607,999	N/A
Noise	206,719	\$211,844
Military airport program	24,320	31,351
Capacity, safety, security, and noise	282,719	389,077
Remaining discretionary	94,240	94,240
Nondiscretionary (small airport fund)	\$142,205	\$435,297
Nonhub/other commercial service	81,260	\$183,507
General aviation/reliever airports	40,630	111,139
Small hub airports	20,315	140,651
Grand total	\$1,850,638	N/A

Legend: N/A = not applicable

Source: Compiled by GAO from FAA data.

Amount of AIP Grants By Airport Type

Tables 7 through 11 show the total amount of AIP grants awarded to airport types as classified in the National Plan of Integrated Airport Systems. See appendix III for more detailed description of airport categories.

Table 7: Amount of AIP Grants as of September 30, 1996, Awarded for Fiscal Year 1996 by Airport Type

In thousands of dollars	
Type of airport	Total
Large airports	\$596,444
Large hub	357,672
Medium hub	238,772
Small airports	769,350
Small hub	196,415
Nonhub	233,868
Other commercial service	27,277
Reliever	104,712
General aviation	146,309
State block grants	60,769
System planning	14,094
Grand total	\$1,379,888

Source: Compiled by GAO from FAA data.

Table 8: Amount of AIP Grants as of September 30, 1997, Awarded for Fiscal Year 1997 by Airport Type

In thousands of dollars	
Type of airport	Total
Large airports	\$600,101
Large hub	351,975
Medium hub	248,126
Small airports	866,388
Small hub	224,137
Nonhub	258,629
Other commercial service	71,126
Reliever	100,579
General aviation	139,527
State block grants	72,390
System planning	9,362
Grand total	\$1,475,850

Source: Compiled by GAO from FAA data.

Table 9: Amount of AIP Grants as of September 30, 1998, Awarded for Fiscal Year 1998 by Airport Type

In thousands of dollars	
Type of airport	Total
Large airports	\$587,625
Large hub	342,633
Medium hub	244,992
Small airports	906,486
Small hub	187,421
Nonhub	261,704
Other commercial service	39,061
Reliever	127,843
General aviation	185,506
State block grants	104,951
System planning	9,358
Grand total	\$1,503,469

Source: Compiled by GAO from FAA data.

Appendix II
Amount of AIP Grants By Airport Type

Table 10: Amount of AIP Grants as of September 30, 1999, Awarded for Fiscal Year 1999 by Airport Type

In thousands of dollars	
Type of airport	Total
Large airports	\$738,726
Large hub	407,488
Medium hub	331,238
Small airports	1,206,291
Small hub	281,828
Nonhub	369,260
Other commercial service	64,037
Reliever	148,991
General aviation	211,219
State block grants	130,955
System planning	13,728
Grand total	\$1,958,744

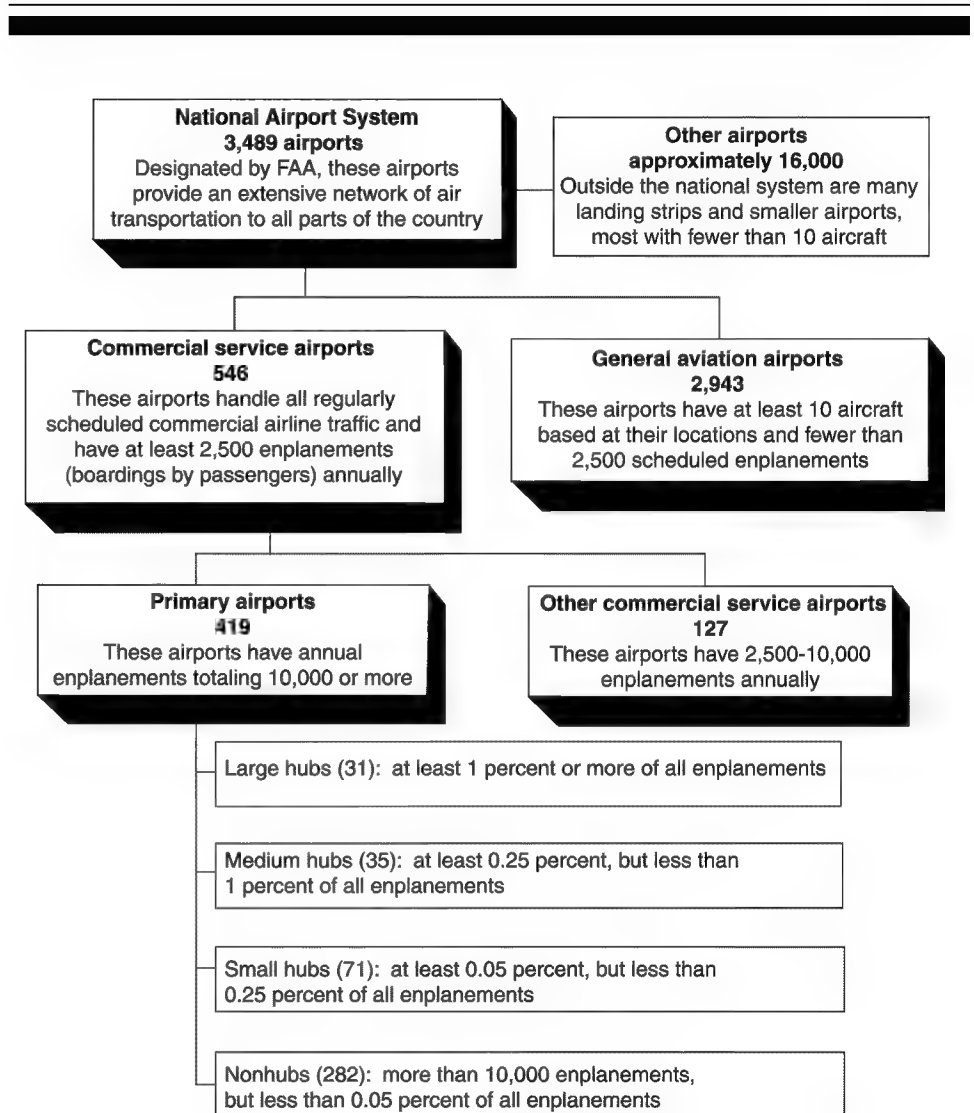
Source: Compiled by GAO from FAA data.

Table 11: Amount of AIP Grants as of September 30, 2000, Awarded for Fiscal Year 2000 by Airport Type

In thousands of dollars	
Type of airport	Total
Large airports	719,977
Large hub	\$446,239
Medium hub	273,738
Small airports	1,141,493
Small hub	271,861
Nonhub	353,601
Other commercial service	58,996
Reliever	111,692
General aviation	223,574
State block grants	121,769
System planning	11,208
Grand total	\$1,872,677

Source: Compiled by GAO from FAA data.

Categories of U.S. Airports



Glossary

Apportionment funds	Statutory provisions require that AIP funds be apportioned by formula each year to specific airports or types of airports. Such funds are available to airports in the year they are first apportioned and they remain available for the 2 fiscal years immediately following (or 3 fiscal years for nonhub airports). Recipients of apportioned funds are primary airports, cargo service airports, states and insular areas, and Alaska.
Alaska supplemental	Funds are apportioned for certain Alaskan airports to ensure that Alaska receives at least as much as these airports were apportioned in fiscal year 1980 under previous grant-in-aid legislation.
Capacity, safety, security, and noise projects	Grants that are to be used for preserving or enhancing the capacity, safety, security, and carrying out noise compatibility planning and programs at primary and reliever airports.
Cargo service airports	Airports that, in addition to any other air transportation services that may be available, are served by aircraft providing air transportation of only cargo with a total annual landing weight (the weight of aircraft transporting only cargo) of more than 100 million pounds.
Carryover apportionments	Funds apportioned for primary or cargo service airports, states and Alaskan airports remain available for obligation during the fiscal year for which the amount was apportioned and the 2 fiscal years immediately after that year (or the 3 fiscal years immediately following that year in the case of nonhub airports). When such funds are not used in the fiscal year of the apportionment, they are carried over to following year(s).
Commercial service airports	Airports that handle regularly scheduled commercial airline traffic and have at least 2,500 annual passenger enplanements (boarding by passengers).
Discretionary funds	Those funds generally remaining after apportionment funds are allocated, but a number of statutory set-asides are established to achieve specified funding minimums.

Enplanements	Boarding by passengers.
General aviation airports	Airports that have no scheduled commercial passenger service.
Insular areas	Guam, American Samoa, the Commonwealth of the Northern Mariana Island, and the U.S. Virgin Islands. For AIP purposes, these islands are treated the same as a state.
Large hub airports	Primary airports that have at least 1 percent of all annual enplanements.
Military airport program	Under this program, a special set-aside of the discretionary portion of AIP is to be used for capacity and/or conversion related projects at up to 15 current and former military airports. Such airports are eligible to participate in the program for 5 fiscal years and may be extended for 5 more years if approved by the Secretary of Transportation. The airports are designated as a civil commercial service or reliever airport in the national airport system. Approved projects must be able to reduce delays at an existing commercial service airport that has more than 20,000 hours of annual delays in commercial passenger aircraft takeoffs and landings.
Medium hub airports	Primary airports that have between .25 percent and 1 percent of all annual enplanements.
National airport system	The set of airports designated by FAA as providing an extensive network of air transportation to all parts of the country. It is comprised of commercial service airports and general aviation airports.
Noise projects	AIP projects that reduce airport-related noise or mitigate its effects. Eligible noise projects generally fall into the following categories: land acquisition, noise insulation, runway and taxiway construction (including associated land acquisition, lighting, and navigational aids), noise monitoring equipment, noise barriers, and miscellaneous.

Nonhub airports	Primary airports that have over 10,000 annual enplanements, but less than .05 percent of all annual enplanements.
Obligations	An obligation occurs when FAA makes a grant to an airport sponsor, thereby obligating FAA to fund a project under AIP.
Other commercial service	Airports that have between 2,500 and 10,000 annual passenger enplanements from scheduled commercial service.
Primary airports	Airports that have 10,000 or more annual passenger enplanements from scheduled commercial service.
Reliever airports	Airports designated by FAA to relieve congestion at a commercial service airport and to provide improved general aviation access to the overall community. Only general aviation airports have been designated as reliever airports.
Set-aside funds	The portion of discretionary funds set-aside designed to achieve specified funding minimums established by Congress.
Small airport fund	The passenger facility charge (PFC) program requires large and medium hub airports participating in the PFC program to return a portion of their AIP apportionment funds. Airports charging a PFC of \$3.00 or less must return up to one-half of their AIP apportionment funds and airports charging over a \$3.00 PFC must return up to 75 percent of their AIP apportionment fund. Congress requires most of the returned AIP funds to be put in the small airport fund, which FAA redistributes to small airports.
Small hub airports	Primary airports that have from .05 percent to .25 percent of all annual enplanements.

State block grant program	States assume responsibility for administration of AIP grants at airports classified as other than primary (other commercial service, reliever, and general aviation airports). Each state is responsible for determining which locations within its jurisdiction will receive funds and for ongoing project administration. This program is only available to selected states.
States	AIP funds to states are apportioned for use by the 50 U.S. states, the District of Columbia, Puerto Rico, and the insular areas at other commercial service, reliever, and general aviation airports.
System planning	AIP grants for the purpose of studying aspects of a regional or statewide airport system. These studies usually include primary and nonprimary airports. Most system planning grants are issued to metropolitan planning organizations or state aviation agencies.

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